



# **U. S. SMALL BUSINESS ADMINISTRATION**

**South Florida District Office**

## **DISASTER INFORMATION BOOKLET FY 2006**

**June 2006**

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## **Introduction**

*The following information is provided by the U. S. Small Business Administration (SBA) South Florida District Office as a guide to assist small business owners and homeowners in getting the information they need to be prepared and take action if and when a disaster strikes the State of Florida.*

*The guide provides information on SBA's Disaster Loan Programs, Frequently Asked Questions about SBA Disaster Loans, Tips for being prepared, and other valuable information.*

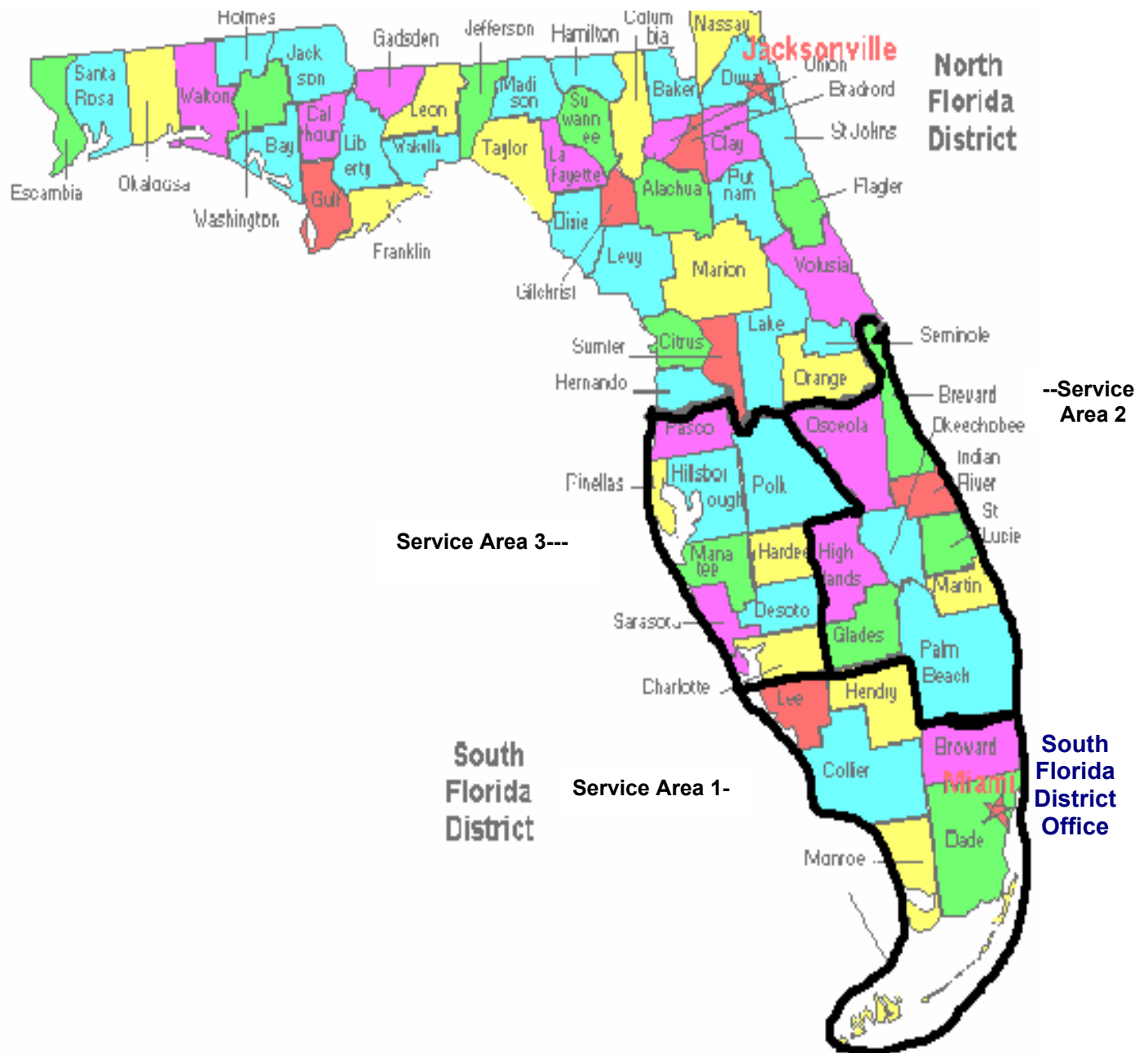
*Remember...Be ready, be prepared, and know what steps to take to protect yourself, your loved ones, your home, and your business.*

*For more information, contact us at:*

**U. S. Small Business Administration (SBA)**  
**South Florida District Office**  
100 South Biscayne Boulevard, 7<sup>th</sup> Floor  
Miami, FL 33131-2011  
(305) 536-5521 - Telephone  
(305) 536-5058 - Fax  
[www.sba.gov/fl/south](http://www.sba.gov/fl/south) - Web Site  
[www.sba.gov](http://www.sba.gov) – SBA Main Web Site

*You can also visit the SBA Disaster Assistance web site at [www.sba.gov/disaster](http://www.sba.gov/disaster). Disaster assistance for the State of Florida is provided by the SBA Disaster Area 2 Office located in Atlanta, Georgia. Contact the office at: 1-800-359-2227.*

*Sources of Information for this document include the SBA Disaster Assistance web site at [www.sba.gov/disaster](http://www.sba.gov/disaster) and the SBA South Florida District Office. This document was prepared by Ilene P. Rubio, Marketing Manager – Area 1, SBA South Florida District Office – Miami, FL.*



**South Florida District Office – General and Business Population Data**  
*Sources: 2000 Population Census and 1997-1999 Economic Census Survey – U. S. Census Bureau*

**Service Area 1**

<b>Counties</b>	<b>Population</b>	<b>%</b>	<b>Business '97</b>	<b>%</b>	<b>Business '99</b>	<b>%</b>
Broward	1,623,018		152,040		167,440	
Collier	251,377		25,818		28,378	
Hendry	36,210		1,807		1,874	
Lee	440,888		38,541		42,251	
Miami-Dade	2,253,362		238,602		262,177	
Monroe	79,589		12,889		13,323	
<b>Total</b>	<b>4,684,444</b>	<b>44%</b>	<b>469,697</b>	<b>50%</b>	<b>515,443</b>	<b>50%</b>

**Service Area 2**

<b>Counties</b>	<b>Population</b>	<b>%</b>	<b>Business '97</b>	<b>%</b>	<b>Business '99</b>	<b>%</b>
Brevard	476,230		35,102		37,787	
Glades	10,576		475		495	
Highlands	87,366		5,548		5,839	
Indian River	112,947		10,364		11,173	
Martin	126,731		12,889		13,888	
Okeechobee	35,910		2,259		2,349	
Osceola	172,493		10,384		11,831	
Palm Beach	1,131,184		110,630		121,215	
St. Lucie	325,957		13,255		13,977	
<b>Total</b>	<b>2,479,394</b>	<b>23%</b>	<b>200,906</b>	<b>21%</b>	<b>218,554</b>	<b>21%</b>

**Service Area 3**

<b>Counties</b>	<b>Population</b>	<b>%</b>	<b>Business '97</b>	<b>%</b>	<b>Business '99</b>	<b>%</b>
Charlotte	141,627		10,788		11,860	
Desoto	32,209		1,485		1,595	
Hardee	26,938		1,351		1,408	
Hillsborough	998,948		73,599		82,175	
Manatee	264,002		18,527		20,458	
Pasco	344,765		21,457		23,586	
Pinellas	941,482		78,654		83,756	
Polk	483,924		29,421		32,194	
Sarasota	192,695		36,349		39,212	
<b>Total</b>	<b>3,426,590</b>	<b>32%</b>	<b>271,631</b>	<b>29%</b>	<b>296,244</b>	<b>29%</b>

## **Understanding How Disaster Declarations Are Made**

All declaration requests must come from the Governor or authorized representative. The Governor can ask for a Presidential disaster declaration or a Small Business Administration (SBA) Administrative declaration, depending upon the severity of the disaster. A Presidential declaration makes many Federal and State programs available, including SBA loans. An SBA declaration makes only SBA loans available.

### **Presidential Declarations**

The Governor contacts the [Federal Emergency Management Agency](#) (FEMA) if the State believes damages justify a Presidential declaration. FEMA conducts a Preliminary Damage Assessment (PDA) of the area. We join FEMA, State and local representatives in the PDA when the damages include homes and businesses. If the PDA shows enough damages, the Governor can ask for a declaration. FEMA forwards the Governor's request and the PDA results to the President for a decision. If the President declares the area for Individual Assistance, SBA offers physical and economic injury loans in the declared counties and economic injury (EI) loans only in contiguous counties.

### **SBA Administrative Declarations**

If the damages are less extensive, the Governor can ask for an SBA declaration. When the Governor's request for assistance is received, a survey of the damaged area(s) is conducted with State and local officials, and the results are submitted to the Administrator for a decision. When the Administrator of SBA declares an area, both primary and adjacent counties are eligible for the same assistance.

- SBA will make a physical disaster declaration when:

At least 25 homes (primary residences) and/or businesses in a county have uninsured losses of 40% or more of their estimated fair replacement value (Secondary homes, condominium units, cabins, camps, lake homes, etc., used for recreational purposes are not included in the count.)

**or**

At least three (3) businesses have uninsured loss of 40% or more of their estimated fair replacement value and, as a direct result of the damages, 25% of the work force in the community would be unemployed for at least 90 days.

## **Understanding How Disaster Declarations Are Made**

- SBA will make an economic injury disaster declaration when:

A Governor certifies that at least 5 small businesses in a disaster area have suffered substantial economic injury as a result of the disaster and are in need of financial assistance not otherwise available on reasonable terms,

**or**

The Secretary of Agriculture designates an area as an agricultural disaster area. SBA may make Economic Injury Disaster Loans to small business concerns and small agricultural cooperatives in the designated counties without credit available elsewhere,

**or**

The Secretary of Commerce makes a commercial fishery failure or fishery resource disaster under Section 308(b) of the Interjurisdictional Fisheries Act of 1986.

## **SBA's Disaster Loan Programs for Small Businesses**

U.S. Small Business Administration disaster loans are the primary form of Federal assistance for non-farm, private sector disaster losses. For this reason, the disaster loan program is the only form of SBA assistance not limited to small

businesses. Disaster program direct loans from SBA help homeowners, renters, businesses of all sizes and nonprofit organizations fund rebuilding.

When disaster victims need to borrow to repair uninsured damages, the low interest rates and long terms available from SBA make recovery affordable. Because SBA tailors the repayment of each disaster loan to each borrower's financial capability, unnecessary interest subsidies paid by the taxpayers are avoided.

SBA can only approve loans to applicants with a reasonable ability to repay the loan and other obligations from earnings. The terms of each loan are established in accordance with each borrower's ability to repay. The law gives SBA several powerful tools to make disaster loans affordable: low interest rates, long terms (up to 30 years), and refinancing of prior debts (in some cases).

**Business Loans** are available from SBA to small businesses that have suffered physical damages and are located in a declared disaster area. Business loan amounts are limited by law to \$1.5 million for real estate, machinery and equipment, inventory and all other physical losses. The actual amount of each loan, up to this maximum, is limited to the verified uninsured disaster loss. Refinancing of existing mortgages or liens on real estate and machinery and equipment is eligible in some cases up to the amount of the loan for real estate and machinery and equipment repair/replacement. Loan amounts may be increased by up to 20% for devices to mitigate against damage to the real property of the same type as the disaster.

**Economic Injury Disaster Loans** are available from SBA if a small business has suffered substantial economic injury, regardless of physical damage, and is located in a declared disaster area. EIDL amounts are limited by law to \$1.5 million. The actual amount of each loan is limited to the actual economic injury as calculated by SBA, not compensated by business interruption insurance or otherwise, and beyond the ability of the business and its owners to provide. Exceptions may be available for businesses that qualify as a major employer. Economic injury disaster loans provide necessary working capital until normal operations resume after a physical disaster. The law restricts economic injury disaster loans to small businesses only.

### **Credit Requirements:**

**Repayment** – SBA disaster assistance is in the form of direct loans. Applicants must show the ability to repay all loans.

**Collateral** – Collateral is required for all physical loss loans over \$10,000 and all Economic Injury Disaster Loans over \$5,000. SBA takes real estate as collateral where it is available. Applicants do not need to have full collateral; SBA will take what is available to secure each loan.

## **SBA's Disaster Loan Programs for Small Businesses**

### **Interest Rates:**

Interest rates are determined by formulas set by law, and may vary over time with market conditions. By law, the interest rates depend on whether each applicant has Credit Available Elsewhere. An applicant does not have Credit Available Elsewhere when SBA determines that the applicant does not have sufficient funds or resources, or the ability to borrow from non-government sources to provide for its own disaster recovery. An applicant which SBA determines can so provide for its own recovery has Credit Available Elsewhere. Generally, SBA determines that over 90% of disaster loan applicants do not have Credit Available Elsewhere.

### **Loan Terms:**

The maximum maturity, or repayment term of an SBA loan, is set at 30 years. However, for businesses with Credit Available Elsewhere, the law limits the loan term to a maximum of 3 years. The SBA will determine repayment terms on a case-by-case basis according to your ability to repay.

### **Loan Eligibility Restrictions:**

**Uninsured Losses** – Only uninsured or otherwise uncompensated disaster losses are eligible. Any insurance proceeds which are required to be applied against outstanding mortgages are not available to fund disaster repairs and do not reduce loan eligibility. However, any insurance proceeds voluntarily applied to any outstanding mortgages do reduce loan eligibility.

**Ineligible Property** – Secondary homes, personal pleasure boats, airplanes, recreational vehicles and similar property is not eligible, unless used for business purposes. Property, such as antiques and collections, is eligible only to the extent of its functional value. Amounts for landscaping, swimming pools, etc. are limited.

**Non-Compliance** – Applicants who have not complied with the terms of previous loans are not eligible. This includes prior borrowers who did not maintain required flood insurance.

### **Insurance Requirements:**

To protect each borrower and SBA, SBA requires borrowers to obtain and maintain appropriate insurance. Borrowers of all secured loans (physical loans over \$10,000 and economic injury loans over \$5,000) must purchase and maintain full hazard insurance for the life of the loan. Borrowers whose property is located in a special flood hazard area must purchase and maintain flood insurance for the full insurable value of the property for the life of the loan.

## **SBA's Disaster Loan Programs for Homeowners and Renters**

If you are in a declared disaster area and are the victim of a disaster, you may be eligible for financial assistance from the U.S. Small Business Administration - even if you don't own a business. As a homeowner, renter and/or personal-property owner, you may apply to the SBA for a loan to help you recover from a disaster.

### **Assistance Available**

As an individual, there is one basic loan, with two purposes, available to you:

**Personal Property Loan**: This loan can provide a homeowner or renter with up to \$40,000 to help repair or replace personal property, such as clothing, furniture, automobiles, etc., lost in the disaster. As a rule of thumb, personal property is anything that is not considered real estate or a part of the actual structure. This loan may not be used to replace extraordinarily expensive or irreplaceable items, such as antiques, collections, pleasure boats, recreational vehicles, fur coats, etc.

**Real Property Loan**: A homeowner may apply for a loan of up to \$200,000 to repair or restore their primary home to its pre-disaster condition. The loan may not be used to upgrade the home or make additions to it. If, however, city or county building codes require structural improvements, the loan may be used to meet these requirements. Loans may be increased by as much as 20 percent to protect the damaged real property from possible future disasters of the same kind.

**Note:** A renter may apply only for a personal property loan.

### **Insurance Proceeds:**

If you have insurance coverage on your personal property/home, the amount you will receive from the insurance company will be deducted from the total damage to your property in order to determine the amount for which you are eligible to apply to the SBA. If you are required to apply insurance proceeds against an outstanding mortgage, the amount applied can be included in your disaster loan. If, however, you voluntarily apply insurance proceeds against an outstanding mortgage, the amount applied cannot be included in your disaster loan. If you have not made a settlement or are having trouble reaching an agreement with your insurance company, you may apply for a loan in the full amount of your damages and assign any insurance proceeds to be received to the SBA.

### **Credit Requirements:**

**Repayment** – SBA disaster assistance is in the form of direct loans. Applicants must show the ability to repay all loans.

**Collateral** – Collateral is required for all physical loss loans over \$10,000 and all Economic Injury Disaster Loans over \$5,000. SBA takes real estate as collateral where it is available. Applicants do not need to have full collateral; SBA will take what is available to secure each loan.

## **SBA's Disaster Loan Programs for Homeowners and Renters**

### **Loan Terms:**

The maximum maturity, or repayment term of an SBA loan, is set at 30 years. However, the SBA will determine repayment terms on a case-by-case basis according to your ability to repay.

### **Interest Rates:**

Interest rates are determined by formulas set by law, and may vary over time with market conditions. By law, the interest rates depend on whether each applicant has Credit Available Elsewhere. An applicant does not have Credit Available Elsewhere when SBA determines that the applicant does not have sufficient funds or resources, or the ability to borrow from non-government sources to provide for its own disaster recovery. An applicant which SBA determines can so provide for its own recovery has Credit Available Elsewhere. Generally, SBA determines that over 90% of disaster loan applicants do not have Credit Available Elsewhere.

### **Loan Eligibility Restrictions:**

**Uninsured Losses** – Only uninsured or otherwise uncompensated disaster losses are eligible. Any insurance proceeds which are required to be applied against outstanding mortgages are not available to fund disaster repairs and do not reduce loan eligibility. However, any insurance proceeds voluntarily applied to any outstanding mortgages do reduce loan eligibility.

**Ineligible Property** – Secondary homes, personal pleasure boats, airplanes, recreational vehicles and similar property is not eligible, unless used for business purposes. Property, such as antiques and collections, is eligible only to the extent of its functional value. Amounts for landscaping, swimming pools, etc. are limited.

**Non-Compliance** – Applicants who have not complied with the terms of previous loans are not eligible. This includes prior borrowers who did not maintain required flood insurance.

### **Insurance Requirements:**

To protect each borrower and SBA, SBA requires borrowers to obtain and maintain appropriate insurance. Borrowers of all secured loans (physical loans over \$10,000 and economic injury loans over \$5,000) must purchase and maintain full hazard insurance for the life of the loan. Borrowers whose property is located in a special flood hazard area must purchase and maintain flood insurance for the full insurable value of the property for the life of the loan.

## **Frequently Asked Questions about SBA Disaster Loan Programs for Homeowners and Renters**

### **Q. How much can I borrow?**

A. The amount of money that the SBA will lend you will be based upon the actual cost of repairing or replacing your home and/or personal property, minus any insurance settlements or other reimbursements or grants. The total loan amount is subject to the limits set out above.

### **Q. Must I use my own money or try to borrow from a bank before coming to the SBA?**

A. No.

### **Q. I already have a mortgage on my home. I can't afford a disaster loan plus my current mortgage payment. Can the SBA refinance my mortgage?**

A. In certain cases, yes. The SBA can refinance all or part of prior mortgages, evidenced by a recorded lien, when the applicant: 1) does not have credit available elsewhere; 2) has suffered substantial uncompensated disaster damage (40 percent or more of the value of the property); and 3) intends to repair the damage. An SBA disaster loan officer can provide more detailed information on your specific situation.

### **Q. What information do I need to submit for a home and/or personal property loan?**

A. The necessary information is specified in the loan application. In all cases, it includes an itemized list of personal property losses with the repair or replacement cost of each item. It also includes permission for the IRS to give the SBA information from your last two federal income tax returns. If you have pictures of the damaged property, you can include them as well.

### **Q. Will the SBA check the losses I claim?**

A. Yes. Once you have returned your loan application, an SBA loss verifier will visit you to determine the extent of the damage and the reasonableness of the loan request.

### **Q. How soon will I know if I qualify for a loan?**

A. That depends on how soon you file a complete SBA loan application. The SBA disaster relief program is not an immediate emergency relief program such as Red Cross assistance, temporary housing assistance, etc. It is a loan program to help you in your long-term rebuilding and repairing. To make a loan, we have to know the cost of repairing the damage, be satisfied that you can repay the loan, and take reasonable safeguards to help make sure the loan is repaid. The SBA loan application asks for the information we need. The faster you return it with all the needed information, the faster we can work on it. We try to make a decision on each complete application within seven to 21 days. Applications filed early can be completed in a much shorter time. We process applications in the order received, so file early. Be sure your application is complete; missing information is the biggest cause of delay.

## **Frequently Asked Questions about SBA Disaster Loan Programs for Homeowners and Renters**

### **Q. How soon can I expect the money?**

A. Loans over \$10,000 have to be secured. We won't decline a loan just because you do not have enough collateral, but we do ask for whatever collateral is available. This means that after a loan is approved there are other steps you must take. Usually, the security consists of a first or second mortgage on the damaged real estate. After we approve the loan, we will tell you what documents are needed to close the loan. You return the loan-closing documents to us, we can order the checks. You will receive the money in installments as you need it to repair or replace the damage.

### **Q. Should I wait for my insurance settlement before I apply to the SBA?**

A. No. If you do not know how much of your loss will be covered by insurance or other sources, the SBA will consider

making a loan for the full amount of the loss, up to our loan limits, provided that you assign the insurance check to the SBA to reduce the amount of the loan.

**Q. I would like to get a contractor's estimate for the cost of repairing damage to my home, but I'm having trouble finding one. Should I hold up my application until I get the estimate?**

A. No. You might miss the deadline for filing your application while waiting for a contractor's estimate. If you have an estimate, include it. The SBA will verify any damage estimates listed on your loan application. Also, the sooner you file a completed application, the sooner the SBA can process it.

**Q. If I receive a disaster loan, may I spend the money any way I want?**

A. No. The disaster loan is intended to help you return your property to the same condition it was in before the disaster. Your loan will be made for specific and designated purposes. Remember that the penalty for misusing disaster funds is immediate repayment of one-and-a-half times the original amount of the loan. The SBA requires that you obtain receipts and maintain good records of all loan expenditures as you restore your damaged property and that you keep these receipts and records for three years.

**Q. If my home is completely destroyed, can the SBA lend me money to relocate my home?**

A. If you are unable to obtain a building permit to rebuild or replace your home at its original site, the cost of relocating your home might be included in the loan amount. If, however, you decide to relocate your home without being required to, an SBA loan can be obtained only for the exact amount of the damage. SBA can not make loans involving some relocation. An SBA disaster loan officer can provide more detailed information on your specific situation.

**Q. I am a farmer. My home was damaged, and so were my barns, fences, and some of my crops. Am I eligible to apply for SBA assistance?**

A. You may apply to the SBA for a loan to cover the damage to your home and its contents only. But it may be in your interest to seek assistance first from the U.S. Department of Agriculture for all your damage.

### Frequently Asked Questions about SBA Disaster Loan Programs for Homeowners and Renters

**Q. Are secondary homes or vacation homes eligible for loans?**

A. No, not as homes. They may be eligible for business disaster loans under certain conditions

**Q. Are there any other limitations?**

A. Yes. Generally, loans will not be made for damage to personal pleasure boats, planes, recreational vehicles, antiques, collections, etc. Also, amounts for landscaping, family swimming pools, etc., are limited.

**Q. Is there a minimum monthly payment, and when would the first payment be due?**

A. The SBA does not have a minimum monthly payment. Payments vary depending upon income and expenses, size of family and other circumstances that may affect your repayment ability. Generally, the first payment is not due until five months after the date of the loan.

**Q. I had to remove debris from my property after the disaster. Can this expense be included in my loan application?**

A. Yes, but your own labor and that of family members cannot be included. Amounts paid to others and any equipment rental can be listed as part of repairs to real estate. Remember that the maximum loan limit on real estate damage is \$200,000, and debris removal is included in the limit.

**Q. May people over the age of 65 apply for help from the SBA?**

A. Yes. Loans are made without regard to age.

**Q. I've heard that SBA loan applications are complicated and hard to complete. Is this true?**

A. No. The application form asks you the same information that any bank would request before lending you money. If you need help, SBA disaster personnel are available to explain the forms and give you assistance at no charge. You may

use the services of accountants or attorneys if you wish, but be sure they are reliable and that their fees are reasonable. If you choose to use an attorney or an accountant, you must report those fees on your SBA loan application form.

**Q. Are damages to cars and mobile homes eligible?**

A. Generally, yes. The loan would be only for uninsured losses.

**Q. Do I need flood insurance to get a loan?**

A. If you are in a special flood hazard area, you must have flood insurance before we can disburse a loan. The amount of insurance required is the insurable value of the property in the special flood hazard area but not to exceed the maximum flood insurance available under the National Flood Insurance Act.

## **How to Apply for SBA Disaster Loan Assistance after a Declared Disaster**

If you are in a declared disaster area and have suffered any disaster related damage you may be eligible for federal disaster assistance.

Individuals who are Homeowners and Renters must register with the Federal Emergency Management Agency to obtain a FEMA Registration ID Number by calling 1-800-621-3362. The speech or hearing impaired may call (TTY) 1-800-462-7585.

Businesses may apply directly to the Small Business Administration for possible disaster assistance.

Completed SBA Disaster Business Loan applications may be submitted to the Disaster Area office that serves your state or territory. If you have any questions concerning the application, please contact the Disaster Area office that serves your state or territory.

### **U.S. Small Business Administration**

#### **Disaster Area 2 Office**

One Baltimore Place, Suite 300  
Atlanta, GA 30308  
1-800-359-2227

Serves: Alabama, **Florida**, Georgia, Illinois, Indiana, Kentucky, Michigan, Minnesota, Mississippi, North Carolina, Ohio, South Carolina, Tennessee and Wisconsin

## **Get Ready - Be Prepared**

### **Disaster Preparedness Considerations**

- The best time to respond to a disaster is before it happens. A relatively small investment of time and money now may prevent severe damage and disruption of life and business in the future. Every area in the country is subject to some kind of disaster – flood, hurricane, earthquake, ice storm, and landslide, to name a few. Even man-made disasters – oil spill, civil unrest, fire, etc. – can devastate the surrounding neighborhood and economy. Even though an area has never been damaged before, there is no guarantee that it will not happen tomorrow.
- Ask yourself: what if the worst happened? How would it affect my business and my family? Would we survive if the business were closed down for weeks, months, or perhaps my entire revenue season? What can I do to make sure we survive?
- Be a little pessimistic now, and assume it CAN happen to you. Develop a Disaster Plan for your home or business now so you can rest a little more easily in the future. You should think about:
  - Open for Business: A Disaster Planning Toolkit
  - Facilities (Buildings & Equipment)
  - Operations
  - Critical Information & Communications
  - Insurance

### **A DISASTER PLANNING TOOLKIT**

- Identify the hazards you may face
- Plan for and reduce the impact of disasters
- Keep your doors open after a disaster hits
- Advises you on insurance, disaster supplies and the things you can do to make your business more disaster resistant

- What would we do if our facility were closed for several days, damaged or even totally destroyed?
- What could we absolutely not survive without? Production machinery? Computers? Custom-made parts? The buildings? What can I do to assure I never have to live without them?

### **OPERATIONS**

- What if there was a prolonged power outage?
- What if my key suppliers or shippers were shut down even though I am not?
- What if my customer base suffered a disaster and no longer needed or could not afford our product?

### **CRITICAL INFORMATION AND COMMUNICATIONS**

- What if my payroll, tax, accounting, or production records were destroyed?
- What if my computer or computerized machinery was destroyed?
- What if the local phone service were disabled?
- Forewarned is forearmed, they say. How can I be forewarned?

### **INSURANCE**

- Is my insurance adequate to get us back in operation?
- Do I understand what is covered and what is not?
- Can I pay creditors, employees, and my own needs during a prolonged shutdown?
- How long can I survive if we are shut down?

### **INSTITUTE FOR BUSINESS & HOME SAFETY (IBHS)**

A community relies on its businesses to generate jobs and tax revenue and to nurture a built environment that is healthy and sustainable. When a business protects itself from natural disasters, it is also protecting one of its community's most valuable assets. There is no way to

avoid a natural disaster from occurring. You can, however, take action to avoid the most devastating damage that your business may face.

A new guide has been developed by the Institute for Business & Home Safety (IBHS) and the United States Small Business Administration (SBA). The guide introduces disaster planning and recovery for the small business owner. It also includes suggestions on steps you can take to protect your building, contents, employees and customers from earthquake damage.

Please visit the Institute for Business & Home Safety (IBHS) at:

[http://www.ibhs.org/business\\_protection/](http://www.ibhs.org/business_protection/)

### FACILITIES TIPS

Develop contingency plans to remain in operation if your office, plant, or store is unusable. Could you operate out of your home or a nearby storefront? Could you quickly transport critical items such as computers, inventory, and equipment? Could you save replaced equipment and reactivate it in an emergency? Could you store inventory, equipment, and supplies off-site? Examine the possibilities, make a plan, and assure that you and your employees know what to do.

Keep an extra of any hard-to-replace parts or supplies on hand. Store them off-site. If this cannot be done, work with suppliers in advance to assure a secure and adequate supply. Store several days' supply in a place that is not vulnerable to the same disaster as your facility. Be sure to keep this auxiliary supply up-to-date.

Make upgrades now that would prevent possible future damage. Strengthening exterior walls, adding a retaining wall, or shoring up a creek bank are relatively minor projects in comparison to losing the building to flood waters.

Please visit: FEMA's Protecting Your Property From Flooding Tips web site at:

<http://www.fema.gov/nfip/>

### OPERATIONS TIPS

Purchase a backup generator to maintain full operations or critical functions such as refrigeration, lighting, security systems, and computer control in the event of a power failure.

Have back-up vendors and shippers in place in case your primary ones are disabled. Set up relationships in advance and maintain them. Place occasional orders so that they regard you as an active customer when you need them.

Guard against loss of your customer base by diversifying your product lines, sales locations, or target customers. Make it part of your annual plan to develop new customers, even if your current customer base seems fine. Make the time to do so.

### INFORMATION & COMMUNICATION TIPS

Make backup copies of all critical records such as accounting and employee data, as well as customer lists, production formulas, and inventory. Keep a backup copy of your computer's basic operating system, boot files, and critical software. Store a copy of all vital information on-site and a second in a safe off-site location. Make it a critical part of your routine to regularly back up files.

Make pre-arrangements with computer vendors to quickly replace damaged vital hardware. Keep invoices, shipping lists, and other documentation of your system configuration off-site so you can quickly order the correct replacement components. Take care of credit checks, purchase accounts and other vendor requirements in advance so that the vendor can ship replacements immediately.

Surge-protect all computer and phone equipment through power and phone lines. A power surge through a telephone line can destroy an entire computer through a connected modem. Invest in a surge protector that has a battery backup to assure that systems keep working through blackouts.

Maintain an up-to-date copy of phone numbers, computer and Internet logon codes and passwords, employee phone numbers and other critical information in an accessible location. Develop an employee "telephone tree" to rapidly contact employees in an emergency.

### INSURANCE TIPS

Review your current insurance coverage. Is it enough to get your business back in operation? Will it cover the replacement cost of vital facilities? Make it a regular annual procedure to review and update insurance. Also remember that insurance on mortgaged property probably only covers the lender with nothing left over for you.

Be aware of your contents insurance. Does it cover the replacement cost of critical equipment?

Know what your insurance does not cover. Most general casualty policies do not cover flood damage. Many require additional riders for windstorm, sewer backup, or earth movement. Consider adding coverage for likely perils, especially flood insurance.

Consider business interruption insurance that assists you with operating needs during a period of shutdown. It may help you meet payrolls, pay vendors, and purchase inventory until you are in full operation again. Also be prepared for the extraordinary costs of a disaster such as leasing temporary equipment, restoring lost data, and hiring temporary workers.

Don't assume that, just because it never happened before, it never will. Flooding patterns are changed by development: water, which runs off new streets and parking lots, may overwhelm nearby streams and surrounding land. Landslides and sinkholes may develop because of distant earth movement, natural or man-made. The creek by your building may be a tiny, placid stream that has never flooded, but a downpour may change it into a destructive torrent that destroys your building foundation. Plan for the worst.

Please visit: FEMA's National Flood Insurance Program Site at:

<http://www.fema.gov/nfip/>